

A COMPARATIVE STATEMENT ANALYSIS ON NESTLE INDIA

LIMITED AND BRITANNIA INDUSTRIES LIMITED

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ABSTRACT

Comparative financial statements can be used by managers and analysts. This allows clear and exhaustive analysis of the company's performance. Comparative financial statements review the potent in its development. This allows determining trends and forecasting changes. Our Indian economy has a major basis on food industry. The objective of this study is to find the current financial position of Britannia Industries Limited and Nestle India Limited uses the tool comparative statement analysis. The data used in the article is secondary data and it covers a study period of two years. The article states the financial position of the companies.

KEYWORDS: Comparative Financial Statement, Company's Performance & Current Financial Position

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INTRODUCTION

The comparative financial statement helps the analyst to compare the performance of one firm with that of other similar firm in the industry and also compare the performance of the competitors in the line. This comparison helps to find out the deficiency or the power of a firm and to take necessary steps. The comparative financial statement helps to ascertain the 'trend' relating to sales, cost of goods sold, operating expenses, etc. so that a proper comparison can efficiently be made which helps the analyst to accept the overall conduct of a firm. The Nestle India Limited and Britannia Industries Limited are the most popular food entity. Therefore, this study determines the financial position of the companies.

OBJECTIVE

- To study the comparative financial statement.
- To identify the financial position of Britannia industries Limited and Nestle India Limited.

RESEARCH METHODOLOGY

The data is secondary data. The study covers a two year period from April 2016 to March 2018 of Britannia Industries Limited and from January 2016 to December 2017. The data is taken from the financial statements of the companies. Comparative statement analysis is used as the tool for analysis.

IMPORTANCE OF COMPARATIVE FINANCIAL STATEMENT

- The comparative statements show the figures of different firms or the number of years side by side for inter-firm comparison and intra-firm comparison.
- The comparative financial statement provides required information for comparison of trends in associated items.
- The comparative financial statement helps the accountant to compare Performance. The performance of one firm with that of other similar firm in the industry and also compares the performance of the competitors in the line.

LIMITATIONS OF THE STUDY

- The data used in the study is secondary data.
- The study period is restricted to 2 year period.

REVIEW OF LITERATURE

- **Dr. Dante Ravinder & Muskula Anitha (2013)¹** inspected the financial stability and soundness of the Bambino Agro Industries Limited and it is expressed that the overall financial performance of the company was not satisfactory and recommended their opinion to increase the financial performances.
- **Upma Singh (2016)²** in his study evidenced that the financial element analysis was helpful to know the performances and ability of the entity
- **Dr. S. Pongavanam (2017)³** conducted study on the basis of comparative financial statement analysis of das limited and it is stated that the financial position and efficiency of performance of the company is in a good position.

ANALYSIS AND INTERPRETATIONS

Table 1: Comparative Balance Sheet of Britannia Industries Limited

(Rs. in crores)

Britannia Industries Limited							
Comparative Balance Sheet as at 31st March 2017 and 2018							
Particulars	2016	2017	2018	Absolute Change		Percentage Change	
	Rs.	Rs.	Rs.	Mar-17	Mar-18	Mar-17	Mar-18
				Rs.	Rs.	%	%
Equity and Liabilities							
Shareholder's Funds							
Share capital	24.00	24.00	24.01	-	0.01	-	0.04
Reserves and Surplus	1,676.16	2,557.98	3,211.27	881.82	653.29	52.61	25.54
Noncurrent Liabilities							
Long term Borrowings	0.49	0.44	0.30	(0.05)	(0.14)	(10.20)	(31.82)
Other long term liabilities	21.05	24.30	25.69	3.25	1.39	15.44	5.72
Government grant	2.86	-	-	(2.86)	-	(100.00)	-
Current Liabilities							
Borrowings	-	-	9.01	-	9.01	-	9.01
Trade Payables	659.44	643.82	866.36	(15.62)	222.54	(2.37)	34.57
Other current liabilities	191.18	271.12	319.61	79.94	48.49	41.81	17.89
Provisions	492.08	174.48	171.05	(317.60)	(3.43)	(64.54)	(1.97)
Total Equity and Liabilities	3,067.26	3,696.14	4,627.30	628.88	931.16	20.50	25.19
Assets							

Table 1: Contd.,							
Noncurrent Assets							
Tangible assets	626.13	812.47	1,008.31	186.34	195.84	29.76	24.10
Capital work in progress	74.50	29.77	200.28	(44.73)	170.51	(60.04)	572.76
Investment property	-	15.25	14.99	15.25	(0.26)	15.25	(1.70)
Intangible assets	13.26	11.60	7.97	(1.66)	(3.63)	(12.52)	(31.29)
Investments	551.25	514.18	450.65	(37.07)	(63.53)	(6.72)	(12.36)
Loans	324.45	116.52	86.74	(207.93)	(29.78)	(64.09)	(25.56)
Deferred tax assets	22.71	6.43	8.68	(16.28)	2.25	(71.69)	34.99
Other non-current assets	37.57	185.04	82.16	147.47	(102.88)	392.52	(55.60)
Current Assets							
Inventories	384.01	602.61	594.58	218.60	(8.03)	56.93	(1.33)
Investments	343.63	85.73	735.48	(257.90)	649.75	(75.05)	757.90
Trade receivables	106.70	126.41	230.32	19.71	103.91	18.47	82.20
Cash and cash equivalents	24.80	53.55	97.25	28.75	43.70	115.93	81.61
Loans	558.25	791.94	820.41	233.69	28.47	41.86	3.59
Other current assets	-	344.64	289.48	344.64	(55.16)	344.64	(16.01)
Total Assets	3,067.26	3,696.14	4,627.30	628.88	931.16	20.50	25.19

Interpretation

The comparative balance sheet analysis of Britannia industries limited for the year 2016-2017 depicts that in equity and liability, share capital has no change in 2017. Reserves and surplus have increased by 881.82 crores in 2017. Non-current liabilities show an increase of 34 lakhs. There is no borrowing for the year 2016-2017. Current liabilities show a decrease of 253.28 crores. The decrease in current liabilities indicates current liabilities are paid within stipulated time. Non-current assets show an increase of 41.39 crores in 2017. Current assets show an increase of 587.49 crores in 2017.

The comparative balance sheet analysis of Britannia industries limited for the period of 2017-2018 manifest that in equity and liability, Share capital has increased by 0.01 crores in 2018. Reserves and surplus have increased by 653.29 crores in 2018. Non-current liabilities show an increase of 1.25 crores in 2018. The current liability shows an increase of 276.61 crores in 2018. In assets, non-current assets show an increase of 168.52 crores. The current assets have an increase of 816.02 crores.

Table 2: Comparative Balance Sheet of Nestle India Limited

(Rs. in crores)

Nestle India Limited							
Comparative Balance Sheet as at 31st December 2016 and 2017							
Particulars	2015	2016	2017	Absolute Change		Percentage Change	
	Rs.	Rs.	Rs.	Dec-16	Dec-17	Dec-16	Dec-17
				Rs.	Rs.	%	%
Equity and Liability							
Shareholder's Fund							
Equity share capital	96.42	96.42	96.42	-	-	-	-
Reserves and surplus	2,721.42	2,917.28	3,324.17	195.86	406.89	7.20	13.95
Non-Current Liabilities							
Long term borrowings	16.79	33.15	35.14	16.36	1.99	97.44	6.00
Provisions	1,597.17	1,972.21	2,291.59	375.04	319.38	23.48	16.19
Deferred tax liabilities	172.93	154.21	121.96	(18.72)	(32.25)	(10.83)	(20.91)
Other long term liabilities	-	-	0.60	-	0.60	-	0.60
Current Liabilities							
Short term borrowings	0.94	-	984.64	(0.94)	984.64	100.00	984.64

Table 2: Contd.,							
Trade payables	743.54	799.16	314.02	55.62	(485.14)	7.48	(60.71)
Short term provisions	265.32	320.70	87.46	55.38	(233.24)	20.87	(72.73)
Other current liabilities	465.93	512.84	106.59	46.91	(406.25)	10.07	79.22
Total Equity and Liabilities	6080.46	6805.97	7362.59	725.51	556.62	11.93	8.18
Assets							
Non-Current Assets							
Property plant and equipment	2,897.85	2,729.46	2,616.18	(168.39)	(113.28)	(5.81)	(4.15)
Capital work in progress	230.79	188.17	94.16	(42.62)	(94.01)	(18.47)	(49.96)
Investments	341.78	474.31	585.28	132.53	110.97	38.78	23.40
Loans	130.43	135.04	46.35	4.61	(88.69)	3.53	(65.68)
Other non-current assets	-	-	83.23	-	83.23	-	83.23
Current Assets							
Inventories	820.81	943.18	902.47	122.37	(40.71)	14.91	(4.32)
Investments	983.14	1,275.04	1,393.59	291.90	118.55	29.69	9.30
Trade receivables	78.42	97.93	88.97	19.51	(8.96)	24.88	(9.15)
Cash and cash equivalents	499.55	880.00	1,457.42	380.45	577.42	76.16	65.62
Loans	82.97	57.02	28.80	(25.95)	(28.22)	(31.28)	(49.49)
Current tax assets	14.72	25.82	66.14	11.10	40.32	75.41	156.16
Total Assets	6080.46	6805.97	7362.59	725.51	556.62	11.93	8.18

Interpretation

The comparative balance sheet of Nestle India Limited for the period of 2015-16 results that in equity and liability, in the equity share capital have no change when compared to 2015 hence there is no percentage change. The reserves and surplus have increased by 195.86 crores in 2016. Non-current liability shows an increase of 372.68 crores. Current liability shows increase of 156.97 crores. In assets, Non-current assets show a decrease of 73.87 crores. Current asset shows an increase of 799.38 crores.

The comparative balance sheet of nestle India limited to the year 2016-2017 reveals that in equity and liability, equity share capital has no change in 2017. Hence there is no increase or decrease in percentage. Reserves and surplus have increased by 406.89 crores in 2017. Non-current liabilities show an increase of 289.72 crores. Current liabilities show a decrease of 139.99 crores. In assets, non-current assets show a decrease of 121.78. Current assets show an increase of 658.4 crores.

Table 3: Comparative Profit and Loss of Britannia Industries Limited
(Rs. in crores)

Britannia Industries Limited							
Comparative Statement of Profit and Loss for the year ended 31st March 2017 and 2018							
Particulars	2016	2017	2018	Absolute change		Percentage change	
	Rs.	Rs.	Rs.	Mar-17	Mar-18	Mar-17	Mar-18
				Rs.	Rs.	%	%
Revenue from Operations	8,097.81	8,577.14	9,276.17	479.33	699.03	5.92	8.15
Less: Excise duty	228.92	270.02	76.11	41.10	(193.91)	17.95	(71.81)
Revenue from Operations (net)	7,868.89	8,307.12	9,200.06	438.23	892.94	5.57	10.75
Other Operating Revenues	79.01	107.25	104.00	28.24	(3.25)	35.74	(3.03)
Other Income	98.21	144.78	155.93	46.57	11.15	47.42	7.70
Total Revenue (I+II)	8,046.11	8,559.15	9,459.99	513.04	900.84	6.38	10.52
Expenses							
Cost of material consumed	3,796.44	4,342.78	4,405.17	546.34	62.39	14.39	1.44
Purchase of stock in trade	833.01	904.78	1,372.46	71.77	467.68	8.62	51.69
Changes in inventories	(7.12)	(49.25)	(4.18)	(42.13)	45.07	591.71	(91.51)
Employee benefit expenses	209.21	241.68	294.87	32.47	53.19	15.52	22.01

Table 3: Contd.,							
Finance cost	1.25	1.34	1.45	0.09	0.11	7.20	8.21
Depreciation and amortization expenses	86.89	96.43	119.76	9.54	23.33	10.98	24.19
Other expenses	1,984.54	1,770.23	1,825.26	(214.31)	55.03	(10.80)	3.11
Total expenses	6,904.22	7,307.99	8,014.79	403.77	706.80	5.85	9.67
Profit before tax (III-IV)	1,141.89	1,251.16	1,445.20	109.27	194.04	9.57	15.51
Less: exceptional items	(10.33)	-	-	10.33	-	(100.00)	-
Less: Tax	382.47	407.47	497.31	25.00	89.84	6.54	22.05
Profit after Tax (V-VI)	749.09	843.69	947.89	94.60	104.20	12.63	12.35

Interpretation

The comparative analysis of Britannia P and L for the year 2016-2017 states that, Total revenue has increased by 513.04 crores in 2017. Total expenses increased by 403.77 cores in 2017. Profit before tax increased by 109.27 crores in 2017. Exceptional item has increased by 10.33 crores in 2017. Tax has increased by 25 crores in 2017. Profit after tax in 2016 has increased by 94.60 crores in 2017.

The comparative statement of profit and loss account for the year 2017 – 2018 of Britannia industries limited communicates that, total revenue has increased by 900.84 crores in 2018. Total expenses increased by 706.80 crores in 2018. Profit before tax has increased by 194.04 crores in 2018. There are no exceptional items in 2017 and 2018. Tax has increased by 89.84 crores in 2018. Profit after tax has increased by 104.20 crores in 2018.

Table 4: Comparative Profit and Loss of Nestle India Limited

(Rs. in crores)

Nestle India Limited							
Comparative Statement of Profit and Loss for the Year Ended 31st December 2016 and 2017							
Particulars	2015	2016	2017	Absolute Change		Percentage Change	
	Rs.	Rs.	Rs.	Dec-16	Dec-17	Dec-16	Dec-17
				Rs.	Rs.	%	%
Sales Turnover	8,482.48	9,556.24	10,192.18	1,073.76	635.94	12.66	6.65
Less: Excise duty	307.17	332.44	182.58	25.27	(149.86)	8.23	(45.08)
Net Sales	8,175.31	9,223.80	10,009.60	1,048.49	785.80	12.83	8.52
Other income	(390.75)	87.25	86.20	478.00	(1.05)	(122.33)	(1.20)
Stock adjustment	(11.97)	10.78	79.56	22.75	68.78	(190.06)	638.03
Total income	7,772.59	9,321.83	10,175.36	1,549.24	853.53	19.93	9.16
Expenses							
Raw materials	3,498.21	3,935.73	4,456.80	437.52	521.07	12.51	13.24
Power and fuel cost	221.99	232.79	288.44	10.80	55.65	4.87	23.91
Employee cost	912.75	1,073.36	1,017.45	160.61	(55.91)	17.60	(5.21)
Selling and Admin expenses	-	-	506.00	-	506.00	-	506.00
Miscellaneous expenses	1,975.46	2,281.28	1,723.94	305.82	(557.34)	15.48	(24.43)
Depreciation	347.26	353.62	342.25	6.36	(11.37)	1.83	(3.22)
Total expenses	6,608.41	7,523.16	7,992.63	914.75	469.47	13.84	6.24
Operating profit	1,554.93	1,711.42	2,096.53	156.49	385.11	10.06	22.50
PBDIT	1,164.18	1,798.67	2,182.73	634.49	384.06	54.50	21.35
Less: Interest	3.29	3.51	91.90	0.22	88.39	6.69	2,518.23
PBDT	1,160.89	1,795.16	2,090.83	634.27	295.67	54.64	16.47
Less: Depreciation	347.36	353.62	342.25	6.36	(11.37)	1.83	(3.22)
Profit before tax	813.63	1441.54	1748.58	627.91	307.04	77.17	21.30
Less: Tax	250.36	515.00	614.11	264.64	99.11	105.70	19.24
Profit after tax	563.27	826.54	1,134.47	363.27	207.93	64.49	11.44

Interpretation

The comparative analysis of profit and loss account for the year ending 31st march 2015 and 2016 is as exhibits that Total income has increased by 1549.24 crores in 2016. Total expenses increased by 914.75 crores in 2016. Operating profit increased by 156.49 crores in 2016. Profit before tax has increased by 627.91 crores in 2016. Tax has increased by 264.64 crores in 2016. Profit after tax has increased by 363.27 crores in 2016.

The comparative analysis of profit and loss account of Nestle India Limited for the year ended 31st December 2016 and 2017 conveys that total income has increased by 853.53 crores in 2017. Profit before tax increased by 307.04 crores in 2017. Tax in 2016 has increased by 99.11 crores in 2017. This shows an increase in percentage of 19.24%. Profit after tax in 2016 has increased by 207.93 crores in 2017. This shows an increase in percentage of 22.44%.

CONCLUSIONS

As from the above comparative balance sheet analysis Britannia Industries Limited has enlarged their assets and liabilities and shows an increasing trend, this shows that there is an increase in their balance sheet value. While from the above comparative profit and loss analysis, profit after tax of Britannia Industries Limited shows a decreasing trend and Nestle India Limited also shows a decreasing trend. We suggest that both the companies can reduce their expenses so that they can have an increasing trend in profit after tax.

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